

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 13

February 9, 2011

SUMMARY OF BILL: Increases the grade point average requirement for initial receipt of the Hope Scholarship from 3.0 to 3.1 for FY14-15 and from 3.1 to 3.25 for FY15-16 and subsequent years. Increases the composite ACT score requirement from 21 to 22 for FY14-15 and from 22 to 23 for FY15-16 and subsequent years. Increases the combined SAT score requirement from 980 to 1,030 for FY14-15 and from 1,030 to 1,070 for FY15-16 and subsequent years.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures – Net Impact –

\$3,718,300/Lottery for Education Account/FY14-15

\$10,436,300/Lottery for Education Account/FY15-16 and Subsequent Years

Assumptions:

- No fiscal impact for FY11-12, FY12-13, or FY13-14.
- Lottery Scholarships are funded by net lottery proceeds deposited to the Lottery for Education Account.
- The Tennessee Student Assistance Corporation (TSAC) estimates that 667 students at four-year institutions will lose their Hope Scholarships for FY14-15. TSAC estimates that 285 of these students will also lose the income-based Aspire award for FY14-15. The Hope Scholarship for four-year students is \$4,000 per academic year; the Aspire award is a supplemental award of \$1,500 per academic year. The decrease to expenditures from the Lottery for Education Account for four-year students is estimated to be \$3,095,500 $[(667 \times \$4,000) + (285 \times \$1,500)]$ for FY14-15.
- TSAC estimates that 412 students at two-year institutions will lose their Hope Scholarships in FY14-15. TSAC estimates that 147 of these students will also lose the income-based Aspire award for FY14-15. The Hope Scholarship for two-year students is \$2,000 per academic year; the Aspire award is a supplemental award of \$1,500 per academic year. The decrease to expenditures from the Lottery for Education Account for two-year students is estimated to be \$1,044,500 $[(412 \times \$2,000) + (147 \times \$1,500)]$ for FY14-15.
- TSAC estimates that 119 four-year students and 54 two-year students who lose Hope Scholarships for FY14-15 will become eligible for Hope Access grants. Pursuant to Tenn. Code Ann. § 49-4-920(d), the Hope Access grant is 50 percent of the combined Hope award and Aspire award, or \$2,750 per academic year for four-year students and \$1,750 per academic year for two-year students. The increase to expenditures from the

Lottery for Education Account for these students is estimated to be \$421,750 $[(119 \times \$2,750) + (54 \times \$1,750)]$ for FY14-15.

- The net decrease to expenditures from the Lottery for Education account for FY14-15 is estimated to be \$3,718,250 $[(\$3,095,500 + \$1,044,500) - \$421,750]$.
- TSAC estimates that 1,951 students at four-year institutions will lose their Hope Scholarships for FY15-16 (relative to the number that would have remained eligible under current law). TSAC estimates that 742 of these students will lose the income-based Aspire award for FY15-16. The decrease to expenditures from the Lottery for Education Account for four-year students is estimated to be \$8,917,000 $[(1,951 \times \$4,000) + (742 \times \$1,500)]$ for FY15-16 and subsequent years.
- TSAC estimates that 1,018 students at two-year institutions will lose their Hope Scholarships in FY15-16 (relative to the number that would have remained eligible under current law). TSAC estimates that 350 of these students will lose the income-based Aspire award for FY15-16. The decrease to expenditures from the Lottery for Education Account for two-year students is estimated to be \$2,561,000 $[(1,018 \times \$2,000) + (350 \times \$1,500)]$ for FY15-16 and subsequent years.
- TSAC estimates that 298 four-year students and 127 two-year students who lose Hope Scholarships for FY15-16 will become eligible for Hope Access grants. The increase to expenditures from the Lottery for Education Account for these students is estimated to be \$1,041,750 $[(298 \times \$2,750) + (127 \times \$1,750)]$ for FY15-16 and subsequent years.
- The net decrease to expenditures from the Lottery for Education account for FY15-16 is estimated to be \$10,436,250 $[(\$8,917,000 + \$2,561,000) - \$1,041,750]$ for FY15-16 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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